



April 10, 2017

Via certified mail and regular mail
91 7199 9991 7032 1235 3857

Jim Burgunder
2144 Broadhead Rd
Aliquippa, PA 15001

RE: Insured: Jim Burgunder
Policy No.: USA 4131010
Date of Loss: April 1, 2017
Claim No.: 33-010343

Partial Denial of Coverage
Reservation of Rights

Dear Mr. Burgunder:

I am a claim representative that has been reassigned for Meadowbrook, Inc., assigned to oversee this claim on behalf of United Specialty Insurance Company. We acknowledged receipt of damage claimed to your property in which we were notified on April 3, 2017 and the loss occurred at or about April 1, 2017 at or near 116 New York Ave, Rochester, PA 15074. We wish to advise with respect to the above captioned claim, in investigating, negotiating, settling or declining this claim, we reserve our rights under the policy to decline coverage to you "and anyone claiming coverage under the policy." We also do not seek to have you waive any rights which you or others making claims under the policy may have.

We have requested an independent adjusting firm from VeriClaim, Inc. to make contact with you to arrange for the inspection of the damaged property. You can reach Erik Swanson at (724) 841-9009. Additionally, we will be retaining an engineer from Unified Investigations to assist us determine what the causation and damages are to the property. The engineer will be in contact with you to make arrangement for an inspection of the property

While we investigate the coverage available and the damages, we must make you aware of certain policy language which may or may not apply to this loss. There is no coverage for loss of business income while your business was closed. The policy does not include any coverage for business income as there is no coverage scheduled per the declarations of the policy (attached).

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

Daniel Green, AIC, AINS
Senior Claims Representative
dgreen@centurysurety.com | 877-689-2810
Mailing Address: P.O. Box 219559 Kansas, City, MO 64121-9559
Physical Address: 550 Polaris Parkway, Suite 300, Westerville, OH 43082
Phone: 614-823-6284 Fax: 614-895-7040 Website: www.centurysurety.com

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The policy provides property coverage for the scheduled property at the scheduled location per your declaration page. There is no scheduled coverage for business income coverage and therefore there is no coverage for any loss as you have indicated.

We are asserting this reservation of rights because your policy includes a CP0010 (10/12) Building and Personal Property Coverage Form that reads in pertinent part:

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

2. Property Not Covered

Covered Property does not include:

- d. Bridges, roadways, walks, patios or other paved surfaces;
- h. Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);
- l. Retaining walls that are not part of a building;

Your policy specifically states that roadways, walks, or other paved surfaces are specifically not covered property. Additionally, land, and retaining walls that are not part of a building are not covered property. If our investigation finds that the damages are related to any of the property not covered above, there may be no coverage for the damages claimed.

Your policy includes a CP1030 (10/12) Cause of Loss- Special Form that reads in pertinent part

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

b. Earth Movement

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

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Your policy provides coverage for direct physical damage unless the loss is excluded or limited in policy. The policy excludes damages caused by directly or indirectly from any earth sinking, rising or shifting related to your loss including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. If our investigation finds that there is earth movement directly or indirectly regardless of any other cause that contributes causing damage there may not be coverage for your loss.

We must further notify you, there may be other reasons why coverage does not apply and, as such, we reserve our rights to decline coverage based on facts yet to be discovered.

Once the independent adjuster and the engineer submit their findings as to cause of loss and a damage assessment, we will review it and contact you to discuss our findings.

It is our intention to handle this claim as fairly and efficiently as possible under the terms and conditions of your policy with United Specialty Insurance Company. If at any time you have questions or issues related to this claim or the claims adjustment process, please call me at (877)689-2810.

Sincerely,

UNITED SPECIALTY INSURANCE COMPANY



Daniel Green, AIC, AINS
Senior Claims Representative

DG/pjh

cc: USG Insurance Services, Inc.
Via email to: smanning@USGins.com

VeriClaim, Inc. – Erik Swanson
Via email to: eswanson@vericclaiminc.com
(File #QCC17724830)

WARNING

"Any person who knowingly and with intent to defraud any insurance company files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties."

Revised 01/2013